FUTURE DEVELOPMENTS (CONTINUED)

The company is currently dependent on the DB credit facility for daily access to the cash flows for day-to-day running of the company and to support the going concern assertion. As the provision of and amount of this facility is not formally committed for a specific period of time, and therefore could be withdrawn during the period of 12 months from the date of approval of the financial statements, the directors acknowledge that this indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, the directors consider this theoretical risk to be highly improbable, as such action would contradict internal group policies and be inconsistent with past practice. Since inception of the pooling arrangement, the company has never experienced any issue being able to draw upon its cash and available facility balances within the group cash pool to settle its liabilities as they fall due.

In completing their going concern assessment, the directors have also considered the expected impact on the company's financial position, based on severe but plausible downside scenarios, along with associated management actions, including management of planned dividend income from subsidiaries to mitigate those impacts on the company's DB credit facility position.

If, for any reason, current planned actions were insufficient in ensuring the company remains within its current DB credit facility limit during the assessment period, additional funding from DB (or a waiver of existing obligations to DB, so increasing the available headroom within the existing credit facility) would be required. If necessary, the directors are confident that the company would be able to agree an increase to its credit facility limit with DB, however as there is no formal commitment in place for this facility and the directors would have no input to any decision of DB to waive any obligations, this also indicates the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

The directors have prepared the financial statements on a going concern basis as they have a reasonable expectation that the company will continue to have full and immediate access to its pooled credit facility balances with DB and that management actions over the assessment period will be sufficient to remain within its credit facility limit, such that adequate financing will remain in place and that the company will continue to operate for the foreseeable future.

On 19 October 2023, DB announced an agreement had been signed under which the company would sell 100% of Ordinary shares in Arriva Limited (formerly Arriva plc) to I Squared Capital. The sale is expected to complete in the first half of 2024, following which the Arriva Limited group would cease be part of the DB Group. The directors have made no decisions regarding the future activity of the company beyond completion of the expected sale of Arriva Limited, as this will be determined by the shareholder in coordination with serving directors of the company subsequent to completion.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not contain the adjustments that would arise if the company were unable to continue as a going concern.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a director to have regard to (amongst other matters):

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

SECTION 172 STATEMENT (CONTINUED)

As the sole shareholder of Arriva Limited the company is an investment holding company and is a wholly owned subsidiary of Deutsche Bahn AG. The directors of the company aim to meet at least once in each financial year to discuss the matters that cannot be delegated under Companies Act 2006.

The directors work to promote the success of the company, by considering the impact that their decisions may have on the company, along with the company's stakeholders. The issues and factors which have guided the directors' decisions are outlined in the 'Principal Risks and Uncertainties' section of this report.

The company's key stakeholders include, but are not limited to:

- Deutsche Bahn AG ('DB');
- Arriva Limited; and
- Local communities in which the company is based.

Effective communication is integral to building stakeholder relationships. Understanding the company's stakeholders and how they and their interests will impact the success of the company over the long-term is a key part of the Board decision making.

Principal decisions

On 19 October 2023, the company, DB and I Squared Capital signed an agreement for the sale of the company's shares in Arriva Limited, including all of its operating businesses across ten European markets, to I Squared, a leading global infrastructure investment manager ('the Sale'). The transaction is expected to complete in 2024, subject to the customary closing conditions, including the approval of the DB Supervisory Board and the Federal Ministry for Digital and Transport of the Federal Republic of Germany.

Although the terms of the Sale were essentially negotiated by DB in its capacity as the company's shareholder, the company and directors were heavily involved in the process. In signing the agreement, the Board ensured that when considering matters relating to deal certainty as well as the management, governance, employees and pensions of the Arriva Limited group, regard to Section 172 of the Companies Act 2006 remained at the forefront of the company's decisions.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The directors consider that the climate-related risks and opportunities of the company during the year ended 31 December 2023 were integrated with those of its subsidiaries within the Arriva Limited group, and that any climate-related impact on the company itself would originate in the operating businesses of that group. Accordingly, the directors primarily considered climate change in relation to potential changes in the carrying value of the company's investment in Arriva Limited, which would be driven by factors arising in the wider Arriva Limited group.

The assessment of carrying value of the investment in Arriva Limited is carried out at least annually, or when a triggering event occurs. The company's investment in Arriva Limited was impaired in the prior year and a further impairment has been recognised in the year ended 31 December 2023 to reflect the terms of the sale transaction of Arriva Limited to I Squared Capital. Further information on the sale, as well as information on how the interests of the company's stakeholders was considered as part of the company's approval of the sale, is provided in the Section 172 Statement on pages 2 to 3. Further information on the impairment in the carrying value of the company's investment in Arriva Limited is provided in Note 2 to the Financial Statements.

Accordingly, the climate-related risks and opportunities of the Arriva Limited group, and its arrangements for managing them (including the related time periods and potential impacts on Arriva Limited group's business model and strategy), are not discussed further in this report.

Strategic report (continued)
For the Year Ended 31 December 2023

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT (continued)

As a result of the above, and due to the decision of the company and the shareholder to sell its investments in Arriva Limited, the directors do not consider that it is necessary for an understanding of the company's business in the year ended 31 December 2023 to include here a description of the actual or potential impacts on the business model and strategy or their resilience under different climate-related scenarios, or the targets or key performance indicators used.

This report was approved by the board on 26 April 2024 and signed on behalf of the Board.

I M Jago
Director